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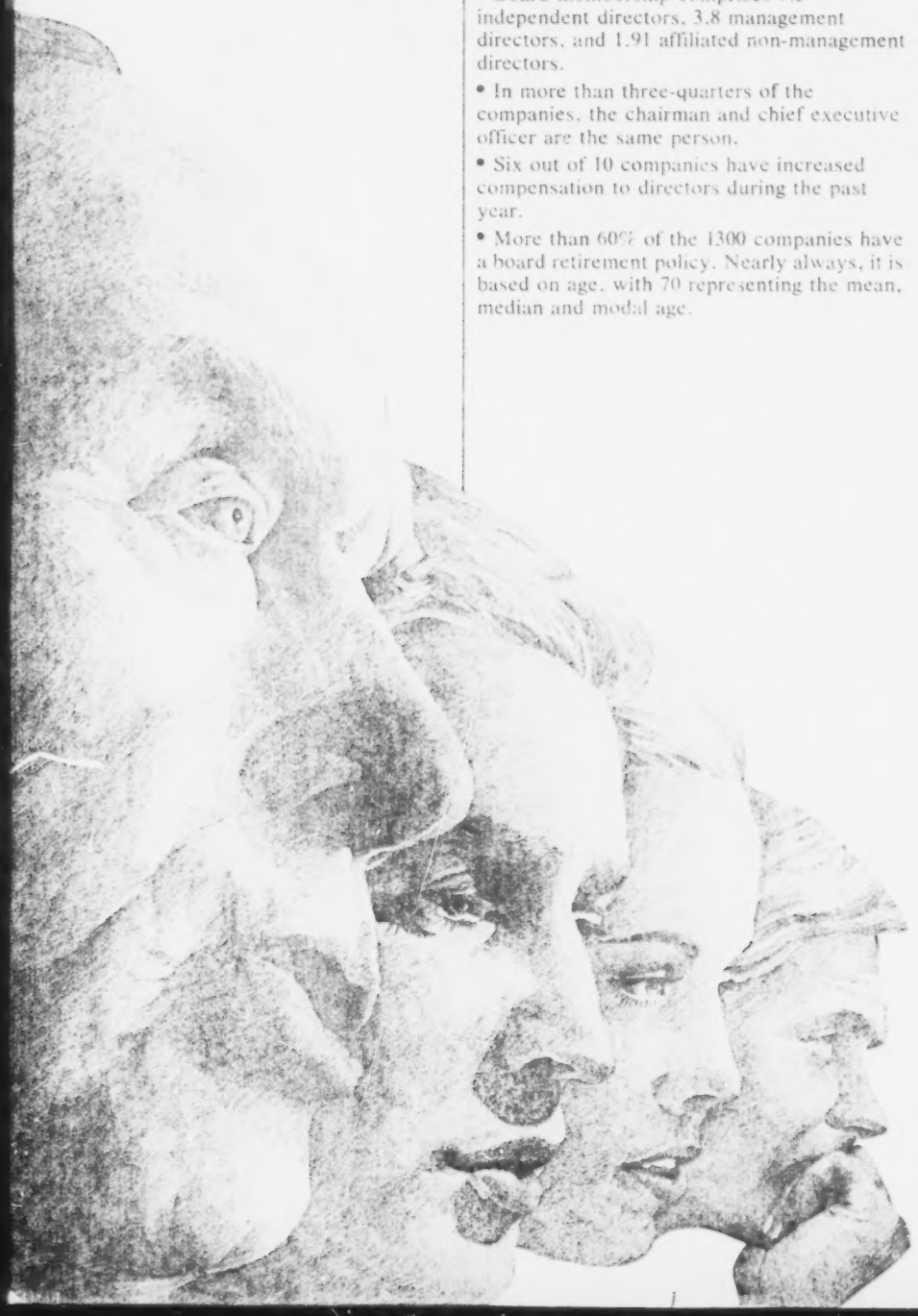
The Changing Board 1980 Update

A Profile of the Board of Directors



Highlights

- Nearly eight out of 10 FORTUNE 1,300 companies believe boards will exert more influence on corporate governance in the future.
- Average board size has risen to 13 members from 12 last year.
- Board membership comprises 7.3 independent directors, 3.8 management directors, and 1.91 affiliated non-management directors.
- In more than three-quarters of the companies, the chairman and chief executive officer are the same person.
- Six out of 10 companies have increased compensation to directors during the past year.
- More than 60% of the 1300 companies have a board retirement policy. Nearly always, it is based on age, with 70 representing the mean, median and modal age.

About this study

Heidrick and Struggles conducted this sixth survey of boards of directors of the nation's leading business firms in September, 1980. Participating organizations represent the 1,0 largest industrial companies and the 300 lead non-industrial organizations in commercial banking, diversified financial services, insurance, retailing, transportation, and utilities. A questionnaire response rate of 3 percent was achieved with one mailing.

Heidrick and Struggles is deeply appreciativ the time and attention con'ributed by the b chairmen who made these findings possible. hope the results prove useful to them and to entire business community, as well.

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Board Composition

Surveys conducted by Heidrick and Struggles over the past nine years have evidenced a steady increase in the proportion of outside directors on leading boards. This year, for the first time, organizations were asked to separate board members into three categories: (1) management directors, or officers of the corporation; (2) affiliated non-management directors, including family members, retired corporate officers, lawyers and commercial or investment bankers doing business with the corporation; (3) independent outside directors without ties as supplier or family member. Today, independent directors constitute a majority of the typical board. Forty-five percent of the companies report their boards will have a greater proportion of independent directors in the future.

Independent Directors
As a percentage of total board

Percent	All Companies	All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
0-25%	9.1%	10.3%	6.3%	16.3%	17.5%	7.9%	6.0%
26-50%	35.5	41.1	36.7	34.7	33.3	47.9	20.5
51-75%	39.2	38.6	43.1	44.9	40.4	33.9	40.9
76-100%	16.2	10.0	13.9	4.1	8.8	10.3	32.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	54.14%	51.06%	55.65%	48.65%	47.54%	50.79%	62.32%

Non-industrial boards are less homogeneous by race and sex than are those of industrial companies. The degree of diversity on industrial boards correlates with size of organization. Only 38 percent of the $2 billion companies have exclusively white male directors, while 81 percent of firms under $500 million lack any female or minority board members.

White Males
As a percentage of total board

Percent	All Companies	All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
100%	56.9%	67.2%	38.0%	56.2%	77.2%	80.7%	30.1%
95-99%	1.9	—	—	—	—	—	6.8
90-94%	23.2	19.1	35.4	29.2	15.8	9.7	33.8
85-89%	12.4	9.4	19.0	12.5	3.5	6.0	20.3
80% or less	5.6	4.3	7.6	2.1	3.5	3.6	9.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	95.28%	96.25%	93.30%	95.54%	97.19%	97.54%	92.71%

In more than three-quarters of the companies, the chairman and the CEO are the same person. The incidence of this combination increases with company size.

Chief Executive Officer is Also Chairman

	All Companies	All Industrials	Industrials by size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Yes	75.8%	74.6%	83.5%	81.6%	75.4%	67.9%	79.1%
No	24.2	25.4	16.5	18.4	24.6	32.1	20.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Candidate Criteria

Sources most helpful in identifying director candidates have remained relatively unchanged over the past four years. Present directors are still favored, although the nominating committee in particular has replaced non-director corporate officers in second place.

Most important criterion for board candidates
Percentage of organizations ranking each first

	All Companies	All Industrials	Industrials by size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Probable ability to contribute	66.2%	65.6%	72.2%	63.6%	80.0%	58.1%	67.8%
Career achievements	16.6	15.9	15.3	22.7	4.0	18.2	18.2
Functional area	3.2	4.1	—	—	10.0	5.4	0.8
Experience as director	4.8	4.5	1.4	6.8	—	6.8	5.8
Lack of conflicts	2.8	3.2	6.9	2.3	2.0	2.0	1.7
All other	6.4	6.7	4.2	4.6	4.0	9.5	5.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Selection of Directors

In 1976 the chief executive officer was most frequently the initial decision-maker in approving board prospects. At that time, the entire board acting as a group ranked a distant second, followed by the executive committee. The nominating committee served as initial decision-maker in only 8.2 percent of the companies.

Now the nominating committee leads the chief executive officer acting alone, and all other alternative decision-makers, in 45.5 percent of the organizations. This committee holds sway in 69.2 percent of the premier-size companies.

Selection of Directors
Initial Decision in Approving Prospects

	All Companies	All Industrials	Industrials by Size $2 bil and up	$1.0-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Nominating committee of board	45.5%	40.8%	69.2%	43.5%	39.3%	27.4%	57.9%
All directors as a group	12.7	15.2	6.4	10.9	21.5	18.4	6.0
CEO	26.6	28.8	16.7	34.8	25.0	33.9	21.1
Executive committee of board	9.8	10.6	5.1	6.5	7.1	15.5	7.5
Other	5.4	4.6	2.6	4.3	7.1	4.8	7.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Board Compensation

The annual cash compensation of outside directors attending all regular board meetings (excluding committee meetings) continues to advance. Sixty percent of the companies are paying more than one year ago. Currently, one in five directors receives at least $18,000 a year for board service. Two years ago, only eight percent were compensated at this rate.

Only 10 percent of the organizations pay outside directors a meeting fee if they fail to attend. At 71 percent of the companies the basis of payment for outside directors is an annual retainer and regular and committee meeting fees. Another 10 percent offer an annual retainer and regular meeting fee, while eight percent pay an annual retainer only and the remainder employ other plans.

Annual Compensation of outside Directors
Attending all regular board meetings

	All Companies				All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
	1980	1979	1978	1976						
Up to $3,000	1.9%	2.1%	5.4%	10.1%	2.3%	1.3%	—	1.8%	3.7%	0.8%
$3,000-5,999	5.7	7.8	9.8	25.8	5.8	—	—	3.6	11.2	5.3
$6,000-8,999	14.9	24.4	25.9	28.6	14.8	—	—	5.5	29.8	15.2
$9,000-11,999	25.4	22.5	20.5	17.5	23.0	1.3	14.3%	34.5	32.3	31.8
$12,000-14,999	20.2	18.9	17.8	11.6	20.6	11.4	34.7	34.5	16.1	18.9
$15,000-17,999	11.8	12.6	12.9		11.6	17.7	30.6	9.1	3.7	12.1
$18,000-20,999	13.7			6.4	14.5	41.8	16.3	10.9	1.9	11.4
$21,000-23,999	4.2	11.7	7.8		4.1	16.5	2.0	—	—	4.5
$24,000 and more	2.3				3.2	10.1	2.0	—	1.2	—
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Board Retirement Policy

Nearly 62% of the organizations have a retirement policy. This practice becomes less prevalent as company size decreases.

In the overwhelming majority of cases, the policy is based on age. The range is 65 to 75, although 70 represents the mean and modal average as well as the median figure. The most common consideration other than age is retirement from principal occupation; however, several companies base retirement on years of board service. Only 6.5 percent of outside directors receive retirement income. The average retirement pay is $12,600.

Board Retirement Policy

	All Companies	All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Yes	61.4%	58.7%	82.3%	79.2%	63.2%	40.1%	68.7%
No	38.6	41.3	17.7	20.8	36.8	59.9	31.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Age	70.19	70.12	70.18	70.47	70.42	69.68	70.34

Evaluation of Chief Executive Officer

In about a third of the companies, the board has developed an objective, quantitative means of evaluating the chief executive's performance. Little variation in appraisal methodology exists among different sizes and kinds of companies. In every case, a substantial proportion indicates that a more formal approach to chief executive officer evaluation is being considered.

Evaluation of Chief Executive Officer
By directors using objective, quantitative means

	All Companies	All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Yes	31.4%	30.8%	28.9%	22.9%	32.1%	33.3%	33.3%
No	44.6	44.8	47.4	47.9	42.9	43.5	44.0
Not Yet	24.0	24.4	23.7	29.2	25.0	23.2	22.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In more than three-fourths of the organizations, the full board or a committee is involved in the selection of officers. Director involvement declines along with diminished size of company.

Selection of Corporate Officers
Involvement of full board or committee of directors

	All Companies	All Industrials	Industrials by Size $2 Bil and up	$1-1.9 Bil	$500-999 Mil	Under $500 Mil	All Non-Industrials
Yes	76.2%	75.8%	82.3%	80.9%	73.7%	72.0%	77.4%
No	23.8	24.2	17.7	19.1	26.3	28.0	22.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Board Issues

Board Issues
Viewpoint of Chairmen

	Agree	Disagree	Undecided
Majority of every board should be composed of independent directors	59.3%	37.6%	3.1%
Boards should avoid a direct interlock, which occurs when two companies have one or more directors in common	23.9	65.3	10.8
Affiliated non-management directors should not be allowed to serve	17.8	77.0	5.2
The only inside director should be the chief executive officer	7.2	91.5	1.3
Individuals should be prohibited from serving simultaneously on more than two corporate boards	5.0	88.6	6.4
Directors should represent specific constituencies, such as labor, consumers or minorities	—	98.1	1.9

About Heidrick and Struggles

As one of the oldest and largest firms devoted exclusively to executive and director search, Heidrick and Struggles provides access to leading executive markets around the world through 10 domestic and nine international offices.

Senior members of the firm are prepared to counsel organizations in the critical task of identifying and attracting qualified board candidates. The search for outside directors capable of stimulating management thinking and aiding the chief executive officer in decision making is multi-faceted. Board requirements must be analyzed, research conducted to pinpoint prospects, and prime prospects interviewed face-to-face to evaluate their suitability. Although the final decision rests with the client organization, use of a search consultant preserves anonymity until disclosure of company identity is advantageous.

Heidrick and Struggles also publishes *Director Data*, an annual survey of those directors newly elected to the boards of leading organizations.

About this study

The growing importance of international volume and profits to American businesses cannot be denied. To keep abreast of ways in which our major industrial organizations are meeting the challenges of the global marketplace, Heidrick and Struggles undertook this third study in the past decade of executives responsible for business abroad. The current findings are the second to examine the international business of America's leading companies, whether or not a chief international officer exists.

The nation's 1000 largest industrials were invited to participate in the 1980 study, broadening the population to be examined from the 800 included previously. Where no chief international officer could be identified, information was sought from the president. Replies to a single mailing were received from 245 companies, representing 33 industries. Results are reported not only by size of company, but by six major industries. Where appropriate, findings are compared with those from earlier international studies, or with other original research conducted by Heidrick and Struggles.

The cooperation of those who made these findings possible is deeply appreciated. Without the help of busy executives who devoted their time and attention to our questions, Heidrick and Struggles could not make available to the business community this useful information.

About Heidrick and Struggles

For more than a quarter century, Heidrick and Struggles has devoted its full resources to helping client organizations in all major industries to locate, evaluate and attract the highest caliber executive talent. Men and women sought in behalf of client companies range from candidates for the board of directors and chief executive officer's post to middle management.

As one of the oldest and largest firms devoted exclusively to executive search, Heidrick and Struggles provides access to leading executive markets around the world through 10 domestic and nine international offices. The firm's seasoned consultants are supported by the search industry's most comprehensive research and planning operations, the product of more than 25 years of meeting clients' needs for superior performers.

As its contribution to the body of knowledge available to senior management, Heidrick and Struggles periodically publishes profiles of incumbents in key management positions. Corporate board practices are analyzed regularly along with the backgrounds and viewpoints of newly elected directors. A complete list of publications appears on the inside back cover.

Summary of findings on international business

Conducting business internationally:
Ninety percent of the organizations are international in scope

International business as proportion of 1979 fiscal year volume:
24.5 percent

Growth rate:
More rapid than domestic; this is expected to continue

Most promising markets for the Eighties:
West Germany, followed in order by Japan, Mexico, France, the United Kingdom, the Middle East, Spain, Canada and Brazil

Form of organization:
Geographically, with all international units reporting to an international division headed by a chief international officer

Methods employed, in order of frequency:
Export, direct investment, distributors, joint ventures, licensees, technical assistance ageements, franchisees

Methods employed, in order of importance:
Direct investment, export, joint ventures, distributors, licensees, technical assistance agreements

International business headquarters:
Same as corporate

Regions of operation:
All continents

Countries in which business is conducted:
50

Operations affected by political risk over past five years:
Yes

Formal means of identifying and evaluating political risk:
No

U.S. Government's relative lack of export incentives:
"Somewhat significant"

Most important factor impacting foreign operations in the Eighties:
Increasing competition

Trends:
International business of leading American organizations has been characterized over the past five years by greater attention from corporate, increasing direct investment, and rapid growth. These factors are expected to continue over the coming five years, along with growth of joint ventures, development of additional countries as markets, and introduction of new products for international sale. Organizations plan to devote greater attention to political risks in assessing opportunities.

Summary of findings on the chief international officer

Title:
Vice president, international, in parent company; President in international company (if any)

Status:
An officer but not a director of the parent company, reporting to the chief executive officer

Age:
51

Region of birth:
Eastern or Midwestern United States

Education:
College graduate, technical major

Number of employers during career:
2.8

Tenure with present company:
16 years

Tenure in present position:
4.5 years

Cash compensation:
$100,000 or more

Perquisites:
Stock option, automobile

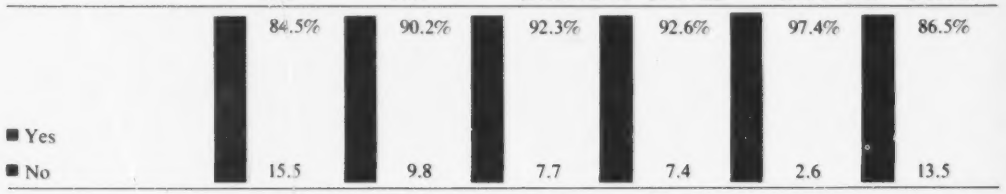
Work aboard:
5 years, and has been based in two countries

Annual travel:
36 percent of time away from headquarters, 10 trips abroad, 114,500 miles covered

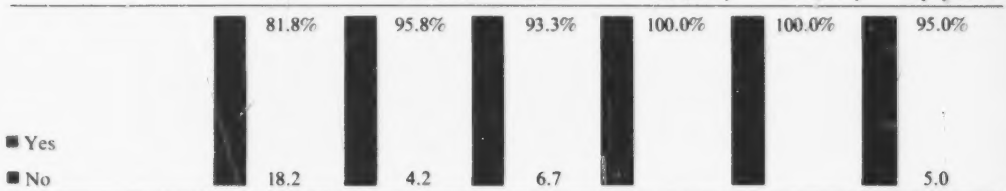
International business

More than nine out of ten companies now are international in scope; five years ago, 84.5 percent were engaged in business outside the United States. In the last study, likelihood of international business activity increased along with company size. A correlation no longer exists between sales volume and prevalence of international activity. However, industry group remains important. Only about four of every five food companies are international, whereas all participating electrical and non-electrical machinery firms are.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Yes	84.5%	90.2%	92.3%	92.6%	97.4%	86.5%
No	15.5	9.8	7.7	7.4	2.6	13.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Yes	81.8%	95.8%	93.3%	100.0%	100.0%	95.0%
No	18.2	4.2	6.7			5.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Proportion of total volume

Roughly a quarter of the typical international company's 1979 fiscal year sales volume derived from foreign business. For eight percent of the organizations, sales abroad were greater than domestic. The average proportion of international sales to total volume advanced in 1980 to 24.5 percent from 22.6 percent five years ago. On average, larger companies reported that international volume constituted a greater proportion of total.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Less than 25%	94.4%	52.3%	39.1%	44.0%	47.4%	61.5%
25-49%	—	39.9	52.2	48.0	44.7	31.2
50% or more	5.6	7.8	8.7	8.0	7.9	7.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	22.6%	24.5%	28.9%	26.1%	26.1%	21.8%

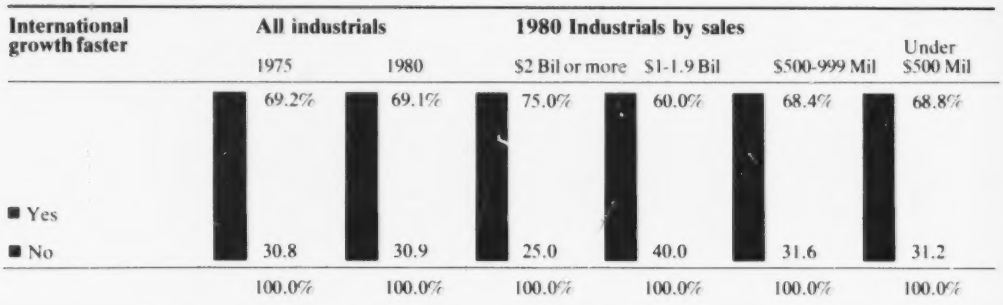
	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Less than 25%	88.2%	21.7%	35.7%	36.4%	44.4%	63.2%
25-49%	11.8	65.2	57.2	54.5	38.9	31.6
50% or more	—	13.1	7.1	9.1	16.7	5.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	13.7%	32.4%	28.7%	30.8%	30.9%	20.8%

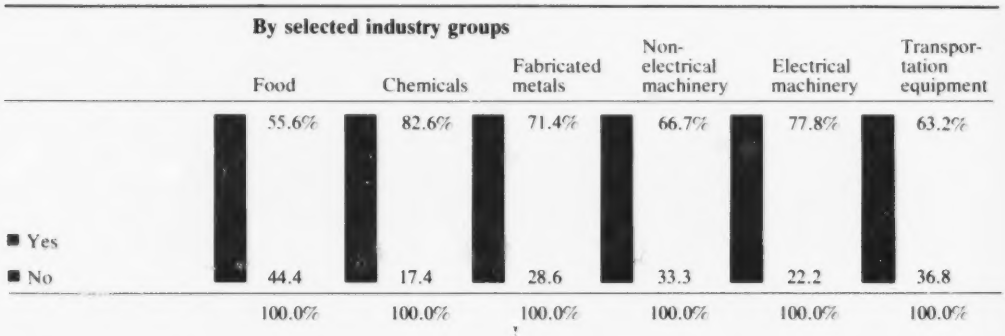
Growth of international sales

Five years ago, seven out of 10 companies anticipated that international sales volume would grow more rapidly than domestic in the 1975-1980 period. Now, roughly the same number report that this expectation became reality. A majority of firms in every major industry group have experienced faster growing international volume.

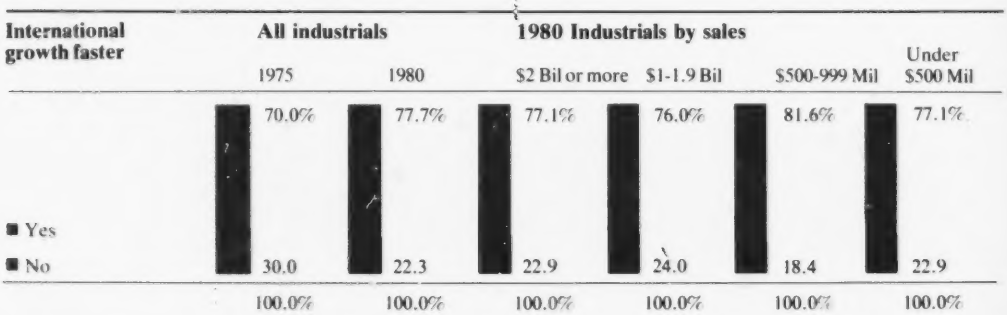
Today, an even greater proportion of organizations—78 percent—anticipates that international sales will outpace domestic over the next five years. This view is shared by companies of every size and within all industry groups.

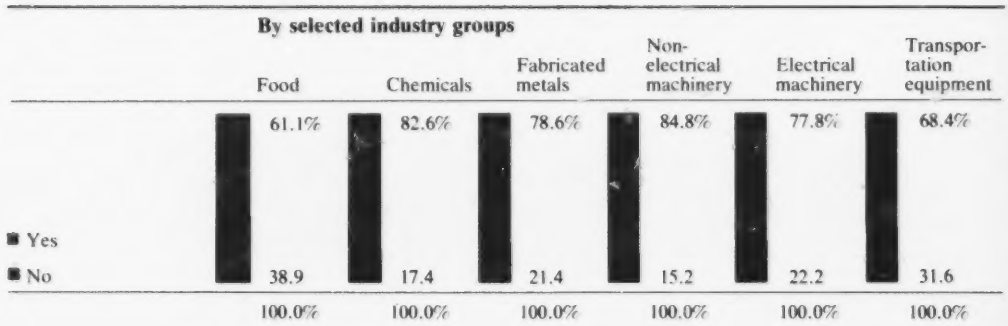
Last five years





Next five years





Most promising markets

West Germany is considered by companies overall to be the most promising market for the Eighties. Other favored targets for international business during the decade are, in order, Japan, Mexico, France, the United Kingdom, the Middle East, Spain, Canada and Brazil. Respondents were asked to rank the five most promising markets, with "1" most important. The table shows the average score awarded markets by each category of participant.

	All industrials	Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
West Germany	2.17	2.59	2.45	1.65	2.10
Japan	2.43	2.37	2.00	2.73	2.46
Mexico	2.61	2.58	3.33	2.12	2.66
France	2.81	2.88	3.33	2.93	2.59
United Kingdom	2.89	2.74	2.50	2.87	3.05
Middle East	2.93	3.36	3.00	2.57	2.85
Spain	3.00	5.00	1.67	2.00	3.43
Canada	3.06	2.92	3.00	3.50	3.00
Brazil	3.08	3.64	2.17	2.94	3.07

	By selected industry					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
West Germany	2.75	2.00	2.25	1.85	1.78	2.20
Japan	2.11	1.85	3.20	3.00	2.25	3.00
Mexico	2.56	2.78	2.38	2.72	2.63	2.00
France	3.57	3.00	—	2.75	2.67	2.88
United Kingdom	3.00	3.00	4.00	3.50	3.50	2.50
Middle East	2.67	2.00	2.17	2.53	2.50	3.00
Spain	1.50	3.00	1.00	3.50	3.00	3.00
Canada	3.20	3.71	2.80	2.73	2.25	3.50
Brazil	2.80	3.10	2.67	3.33	4.00	3.00

Organization for international business

Nearly three out of four companies are organized geographically for all or part of their international business. Typically, the geographic structure consists of international units reporting to an international division. About a third of the firms are organized totally or partially on a worldwide basis, usually by product rather than function. Billion dollar companies favor the worldwide organization, while smaller companies more frequently utilize the geographic structure.

	All Industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Geographically	64.4%	74.2%	60.4%	66.7%	73.7%	82.2%
All International units report to international division	32.2	45.6	39.6	45.8	39.5	50.5
Regional units to corporation headquarters	11.9	16.1	14.6	25.0	23.7	12.1
Autonomous national units to corporation headquarters	12.3	11.1	4.2	—	13.2	15.9
Other	NA	1.8	2.1	—	2.6	1.9
Worldwide	49.4	35.9	54.2	50.0	34.2	25.2
By product divisions	39.5	28.1	47.9	45.8	23.7	16.8
By function	11.5	8.8	8.3	4.2	13.2	8.4
Other	10.3	1.4	—	4.2	2.6	0.9

Results do not add to 100% due to multiple responses

Methods employed

Companies use a wide variety of methods in conducting business abroad. Export stands first in frequency of mention with direct investment a close second. Distributors, joint ventures and licensees follow in that order. Direct investment is more frequently reported by the largest ($2 billion) concerns. The food, non-electrical machinery and transportation equipment industries specify export more often. Direct investment holds premier position in the chemical, fabricated metal and electrical machinery fields.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Direct investment abroad	84.8%	85.4%	93.8%	84.0%	86.8%	81.5%
Export	83.3	89.0	91.7	84.0	94.7	87.0
Joint ventures	75.1	68.5	87.5	64.0	73.7	59.3
Licensees	63.8	65.3	77.1	68.0	73.7	56.5
Distributors	63.4	70.8	75.0	80.0	63.2	69.4
Franchisees	NA	3.2	4.2	4.0	2.6	2.8
Technical assistance agreements	NA	44.7	54.2	56.0	44.7	38.0
Other	6.6	4.6	2.1	—	2.6	7.4

Results do not add to 100% due to multiple responses

By selected industry groups

	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Direct investment aboard	77.8%	100.0%	92.9%	87.5%	100.0%	78.9%
Export	88.9	91.3	85.7	96.9	94.4	89.5
Joint ventures	66.7	87.0	64.3	65.6	66.7	63.2
Licensees	50.0	78.3	42.9	84.4	72.2	84.2
Distributors	72.2	78.3	50.0	93.8	72.2	57.9
Franchisees	11.1	—	—	6.3	5.6	5.3
Technical assistance agreements	55.6	43.5	28.6	34.4	61.1	63.2
Other	—	—	—	9.4	5.6	—

Results do not add to 100% due to multiple responses

Most important method

Direct investment ranks overwhelmingly as the most important means of conducting international business, being named by 57 percent of the organizations. The only other reply of significance is export, cited as the foremost method by about one company in five. Direct investment is more frequently specified by billion dollar companies, while joint ventures loom larger among the smallest organizations. Only two of the industry groups studied—transportation equipment and non-electrical machinery—report export as being of greater importance than direct investment.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Direct investment	63.6%	57.2%	69.5%	75.0%	51.4%	49.5%
Export	16.7	20.7	19.6	20.8	25.7	19.4
Joint ventures	8.8	9.1	6.5	4.2	5.7	12.6
Licensees	5.7	3.9	2.2	—	8.6	3.9
Distributors	3.9	5.8	2.2	—	2.9	9.7
Other	1.3	3.3	—	—	5.7	4.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

By selected industry groups

	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Direct investment abroad	56.3%	87.0%	78.6%	40.6%	66.7%	18.8%
Export	25.0	4.3	7.1	46.9	11.1	43.8
Other	18.7	8.7	14.3	12.5	22.2	37.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

International headquarters location

Virtually all of the international headquarters are the same as corporate. The incidence of separate headquarters remains almost identical to five years ago.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Same	94.6%	94.3%	93.5%	95.5%	94.7%	94.30%
Different, U.S.	2.7	2.4	4.3	—	—	2.85
Different, abroad	2.7	3.3	2.2	4.5	5.3	2.85
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Regions of operation

Western Europe is the foreign region in which the largest proportion of American companies do business. Latin America ranks a close second, followed by Canada. Even the least-mentioned region—Eastern Europe—is reported by more than half of the companies. Organizations under $500 million in sales volume are less likely than their more sizable counterparts to do business in Eastern Europe or the Middle East.

American representation has increased in all regions during the past five years with the exception of Eastern Europe and Oceania. (Information on operations in the Middle East was not sought in 1975.)

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Western Europe	95.3%	97.3%	93.8%	100.0%	100.0%	97.2%
Eastern Europe	52.9	51.4	64.6	48.0	55.3	45.0
Asia	85.2	85.5	97.9	76.0	86.8	81.7
Africa	68.1	70.5	85.4	68.0	71.1	64.2
Oceania	77.0	68.2	83.3	52.0	73.7	63.3
Latin America	89.1	93.6	100.0	92.0	97.4	89.9
Middle East	NA	72.7	85.4	76.0	76.3	65.1
Canada	93.0	89.5	93.8	80.0	89.5	89.9

Results do not add to 100% due to multiple responses

	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Western Europe	100.0%	100.0%	100.0%	97.0%	94.4%	100.0%
Eastern Europe	22.2	78.3	57.1	72.7	44.4	47.4
Asia	83.3	100.0	85.7	87.9	83.3	73.7
Africa	44.4	91.3	100.0	78.8	72.2	73.7
Oceania	50.0	82.6	64.3	81.8	77.8	68.4
Latin America	88.9	100.0	100.0	97.0	94.4	89.5
Middle East	50.0	91.3	85.7	78.8	66.7	84.2
Canada	72.2	100.0	92.9	90.9	94.4	100.0

Results do not add to 100% due to multiple responses

Number of countries

The typical company conducts business in 50 countries around the globe, with a quarter of the responding organizations reporting 90 or more. Industry group affects the number of nations far more than does corporate size: food concerns average 39 countries, for example, while chemical firms typically do business in 66.

	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Fewer than 20	22.5%	12.0%	23.5%	20.7%	22.2%
20-39	22.0	19.0	35.3	27.6	18.8
40-89	30.1	19.0	29.4	24.1	37.7
90 or more	25.4	50.0	11.8	27.6	15.3
	100.0%	100.0%	100.0%	100.0%	100.0%
Average	50.5	65.4	39.7	53.2	44.5

	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Fewer than 20	31.25%	18.7	18.1%	25.9%	13.3%	25.0%
20-39	31.25	56.3	9.1	7.4	33.3	12.5
40-89	18.8		36.4	40.8	26.7	18.8
90 or more	18.8	25.0	36.4	25.9	26.7	43.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	39.13	66.25	58.09	56.41	51.13	58.31

Political risks

More than six out of 10 American organizations engaging in international business have suffered from political risks over the past five years. The most frequent instances involved delayed export payments and restrictions on profit remittance.

The largest companies—which on average operate in more countries and have made greater direct investment—have suffered more than smaller organizations.

Suffered from political risk over past five years	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Yes					
Delayed export payments	30.7%	27.7%	25.0%	34.2%	32.1%
Restrictions on profit remittance	30.3	53.2	37.5	26.3	20.2
Nationalization of direct investment	11.5	34.0	4.2	10.5	3.7
Other	12.4	6.4	16.7	10.5	14.7
No	38.1	25.5	37.5	36.8	44.0

Results do not add to 100% due to multiple responses

Formal means of risk management

Despite the prevalence of setbacks from political risks in the past, only one-third of the American companies doing business abroad have developed a formal means of identifying and evaluating the political risks in overseas investments. The larger the company, however, the more likely the enactment of such a plan. Chemical companies—which have most frequently suffered from political risks—also are most likely to have developed a formal means of addressing the problem.

Of those companies which possess a political risk management program, the preponderance report an annual or quarterly review process. The smallest companies examine the situation less frequently on average than do their larger counterparts. Sixty percent of the companies utilize outside services in the identification and evaluation process. The largest companies are most likely to do so.

	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Yes	33.8%	62.5%	36.0%	34.2%	20.4%

	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Yes	47.1%	56.5%	28.6%	27.3%	50.0%	15.8%

Lack of export incentives

The typical organization considers the United States Government's relative lack of export incentives to be "somewhat significant" as a deterrent to exporting. Non-electrical machinery companies, which more often name exports as their most important mode of international business, rate government policy on exports as more significant than do other industries. The average score shown for each category of respondent is based on "1" as most significant.

	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
1. Most significant	22.8%	27.6%	25.0%	21.6%	20.6%
2. Somewhat significant	39.0	36.2	41.7	46.0	37.4
3. Of little significance	28.4	14.9	29.1		32.7
4. Not at all significant	9.8	21.3	4.2	32.4	9.3
	100.0%	100.0%	100.0%	100.0%	100.0%
Average	2.25	2.30	2.13	2.11	2.31

	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
1. Most significant	11.8%	21.8%	28.6%	25.0%	16.7%	26.3%
2. Somewhat significant	41.2	34.8	21.4		33.3	
3. Of little significance	29.4	39.1	42.9	59.4	33.3	52.7
4. Not at all significant	17.6%	4.3	7.1	15.6	16.7	10.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	2.53	2.26	2.29	1.91	2.50	2.05

Factors affecting foreign operations in the Eighties

Increasing competition ranks foremost among factors expected to impact foreign operations of American companies in the Eighties. Others, by rank of importance, are government regulation, currency fluctuations, rising protectionism, political risks, material shortages and lessening safeguards for technology.

The table shows the average score accorded by each category of respondent to every factor, with "1" being most important.

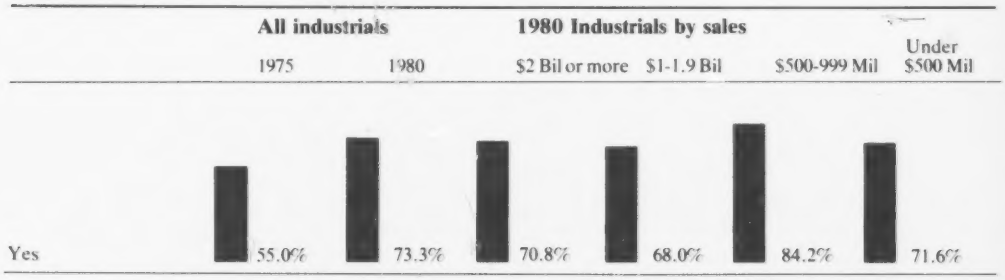
	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Increasing competition	2.63	2.62	3.05	2.47	2.60
Government regulation	2.71	2.43	1.92	3.00	2.94
Currency fluctuations	3.32	3.78	3.56	3.34	3.07
Rising protectionism	3.36	3.77	3.67	3.23	3.17
Political risks	3.42	2.80	3.50	3.58	3.66
Material shortages	5.19	4.97	4.23	5.70	5.32
Lessening safeguards for technology	5.55	5.96	5.25	4.87	5.67

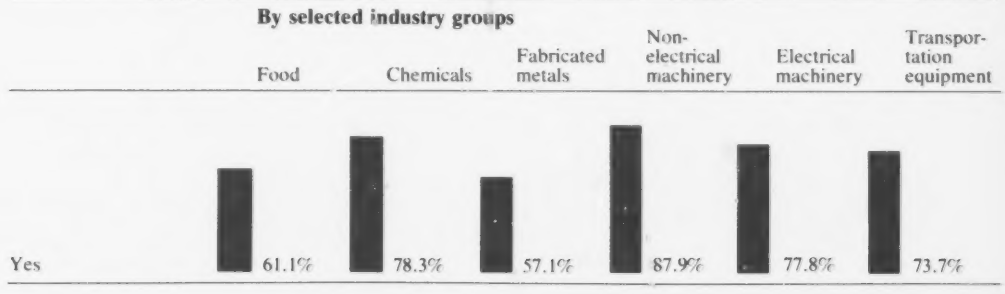
	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Increasing competition	3.00	2.79	2.36	2.39	2.33	2.22
Government regulation	2.47	2.68	3.15	2.58	2.29	3.24
Currency fluctuations	3.00	3.19	2.92	3.00	3.14	3.75
Rising protectionism	4.38	4.10	2.75	3.81	3.07	3.38
Political risks	3.53	3.35	4.09	3.52	4.00	3.36
Material shortages	5.00	5.69	5.14	5.90	6.00	5.31
Lessening safeguards for technology	5.64	5.35	5.78	5.82	4.86	4.91

Chief international officer

Roughly three-fourths of organizations doing business abroad have a chief international officer. No correlation exists between size of organization and existence of CIO. Among industry groups, chief international officers are found more frequently at electrical and non-electrical machinery companies, chemical and transportation equipment concerns.

The incidence of chief international officers has risen sharply from five years ago, when just 55 percent of all industrials operating internationally reported having a CIO.





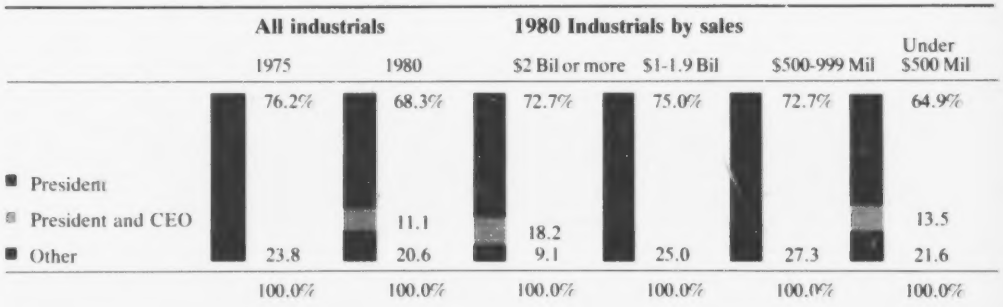
Parent company title

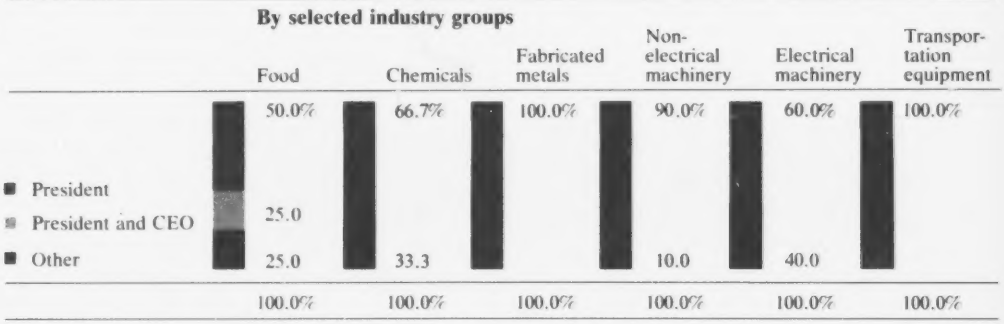
Nearly a third of the chief international officers hold the title of vice president, international at the parent company. The second most popular title, claimed by one in five, is simply vice president. Evidence of the importance of international business are the executive vice president designation, reported by one CIO in 10, senior vice president, mentioned by about the same number, and group vice president, cited by 7.5 percent. However, only one in five of the international chiefs is a director of the parent company. That likelihood is greatest among the largest organizations, where international volume constitutes the greatest proportion of total.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Vice president, international	32.5%	30.6%	33.3%	37.5%	22.6%	31.8%
Vice president	19.2	20.4	15.1	18.7	22.6	22.7
Executive vice president	11.5	10.2	12.1	18.7	12.9	6.1
Senior vice president	6.9	8.2	12.1	—	12.9	4.6
Group vice president	6.9	7.5	6.1	6.3	3.2	10.6
President, international division	6.9	5.4	6.1	—	6.5	6.1
Vice president and general manager	8.5	4.1	—	6.3	6.4	4.5
Other	7.6	13.6	15.2	12.5	12.9	13.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

International company title

Fewer than half of the chief international officers hold an international company title. Of those who do, the overwhelming majority (68 percent) are designated as president. Another 11 percent serve as president and chief executive officer.





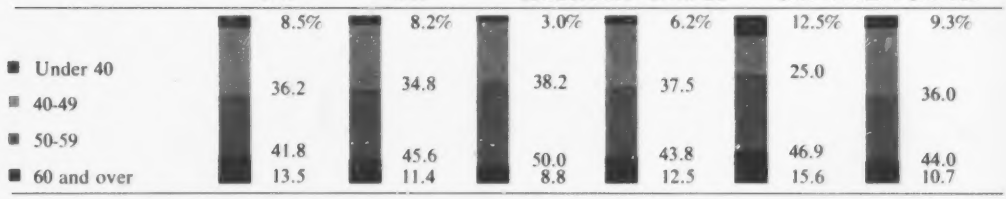
Reporting relationship

The greatest percentage of chief international officers—36 percent—report to the chief executive officer. Another 30 percent are subordinates of the president and nine percent report to the chairman. The total reporting to the president, chairman, and/or chief executive is roughly the same as that evidenced five years ago. Nearly equal numbers of CIOs hold positions which are strictly line, or which are both staff and line. Relatively few indicate strictly staff responsibilities.

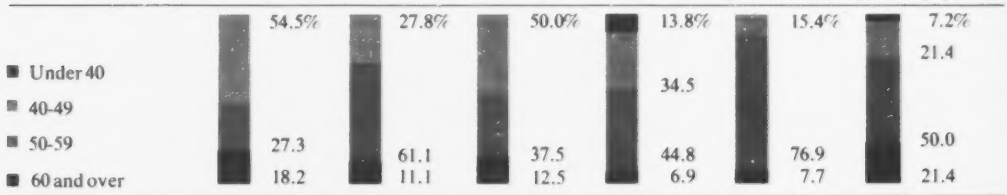
	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
President	59.2%	30.3%	32.4%	23.5%	15.6%	35.9%
Chairman	17.6	8.6	8.8	—	12.5	9.0
CEO	NA	35.8	35.3	47.0	43.8	30.8
Executive, senior or group VP	14.1	16.1	14.7	17.7	21.8	14.1
Other	9.1	9.2	8.8	11.8	6.3	10.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Age

The typical chief international officer is 51 years old, although one in 10 is sixty or more. Five years ago, the average CIO was 50. The person heading international business is four years older than the typical upper-echelon mobile manager, according to a 1980 study by Heidrick and Struggles of more than 4,000 individuals holding vice presidencies or above in major organizations. However, the CIO is five years younger than the chief executive officer of a *Fortune* 1,300 company, another 1980 survey by Heidrick and Struggles demonstrates.



	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Under 40	8.5%	8.2%	3.0%	6.2%	12.5%	9.3%
40-49	36.2	34.8	38.2	37.5	25.0	36.0
50-59	41.8	45.6	50.0	43.8	46.9	44.0
60 and over	13.5	11.4	8.8	12.5	15.6	10.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	50	51	52	51	51	50



	By selected industry groups					
	Food	Chemicals	Fabricated metals	Non-electrical machinery	Electrical machinery	Transportation equipment
Under 40	54.5%	27.8%	50.0%	13.8%	15.4%	7.2%
40-49	27.3	61.1	37.5	44.8	76.9	50.0
50-59	18.2	11.1	12.5	6.9	7.7	21.4
60 and over				34.5		21.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	51	53	50	49	53	53

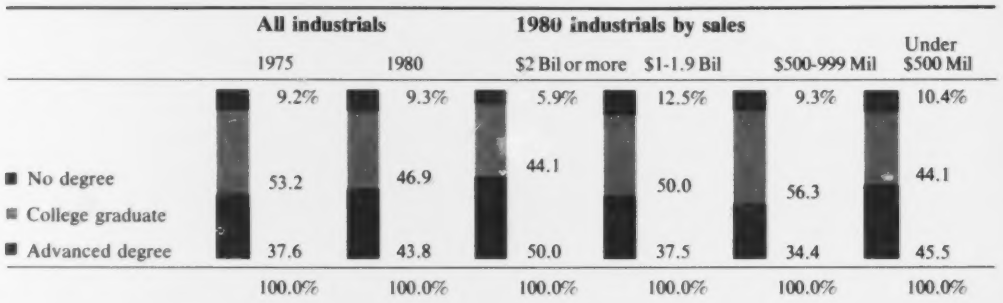
Place of birth

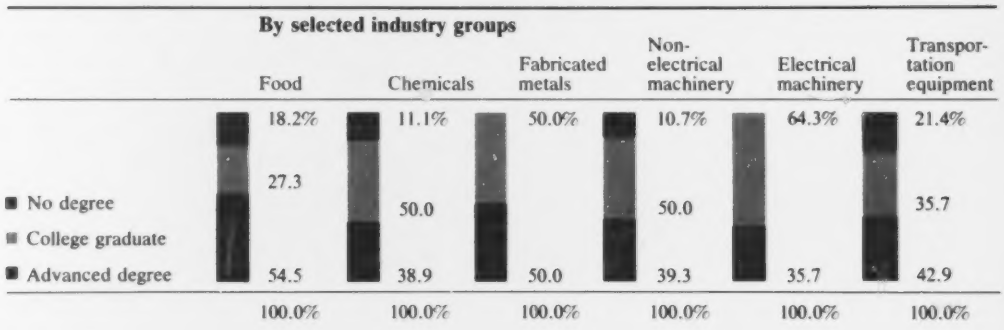
About one in five of the chief international officers was born abroad. Of the native Americans, equal numbers are of Eastern and Midwestern origin. The incidence of foreign birth remains roughly the same as that of 1975. Not unexpectedly, the proportion of executives born overseas is much higher in the international function than elsewhere. Only one in 10 of the chief international officers or half of those born abroad remains a foreign national.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
East	33.8%	34.2%	35.3%	43.7%	23.4%	36.4%
Midwest	37.5	34.2	44.1	12.5	40.0	31.2
South	5.9	5.0	2.9	12.5	3.3	5.2
Southwest	—	2.5	2.9	—	3.3	2.6
West	5.1	3.2	6.0	6.3	3.3	1.3
Foreign	17.7	20.9	8.8	25.0	26.7	23.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Highest educational attainment

The chief international officers are a highly educated group, with more than nine out of 10 reporting at least one degree. Half of those at the largest companies have graduate diplomas. The number of CIOs with postgraduate education has climbed impressively since 1975, when 37.6 percent had two degrees or more. The level of education attained by CIOs is comparable to that of a cross-section of upper-echelon executives studied by Heidrick and Struggles in 1980 as well as to the chief executive officers of *Fortune* 1,300 companies reported upon by the firm during the same year.





Tenure with present employer

The typical chief international officer has spent nearly 16 years with his current company, although one in five has less than five years' service and 13 percent report three decades or more. Current tenure is slightly less than the 17 years recorded in 1975. Today's CIO has had three employers during his career, and is slightly more mobile than his counterpart in the last survey. His career mobility parallels that of a cross-section of upper-echelon executives and chief executive officers of *Fortune* 1,300 companies studied by Heidrick and Struggles.

	All Industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 mil
Fewer than 10	33.1%	33.3%	23.5%	29.4%	25.0%	41.0%
10-19	22.5	29.0	29.4	23.5	31.2	29.5
20-29	32.4	24.7	29.4	35.3	21.9	21.8
30 or more years	12.0	13.0	17.7	11.8	21.9	7.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	17.04	15.81	17.68	17.41	17.91	13.97

Tenure in present position

The incumbent chief international officers average nearly five years in their posts, although 14 percent report 10 years or more. Tenure has increased since the last survey, when the average stood at 3.9. Incumbency of chief executives at the *Fortune* 1,300 companies averages 7.9 years, although roughly 45 percent have held office five years or less.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 mil
Fewer than 5	68.1%	64.4%	60.6%	52.9%	68.7%	66.2%
5-9	23.4	21.9	33.3	29.4	21.9	15.6
10-14	6.4	9.4			6.3	10.4
15-19	2.1	4.3	6.1	17.7	3.1	7.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	3.9	4.5	4.3	5.1	4.3	4.7

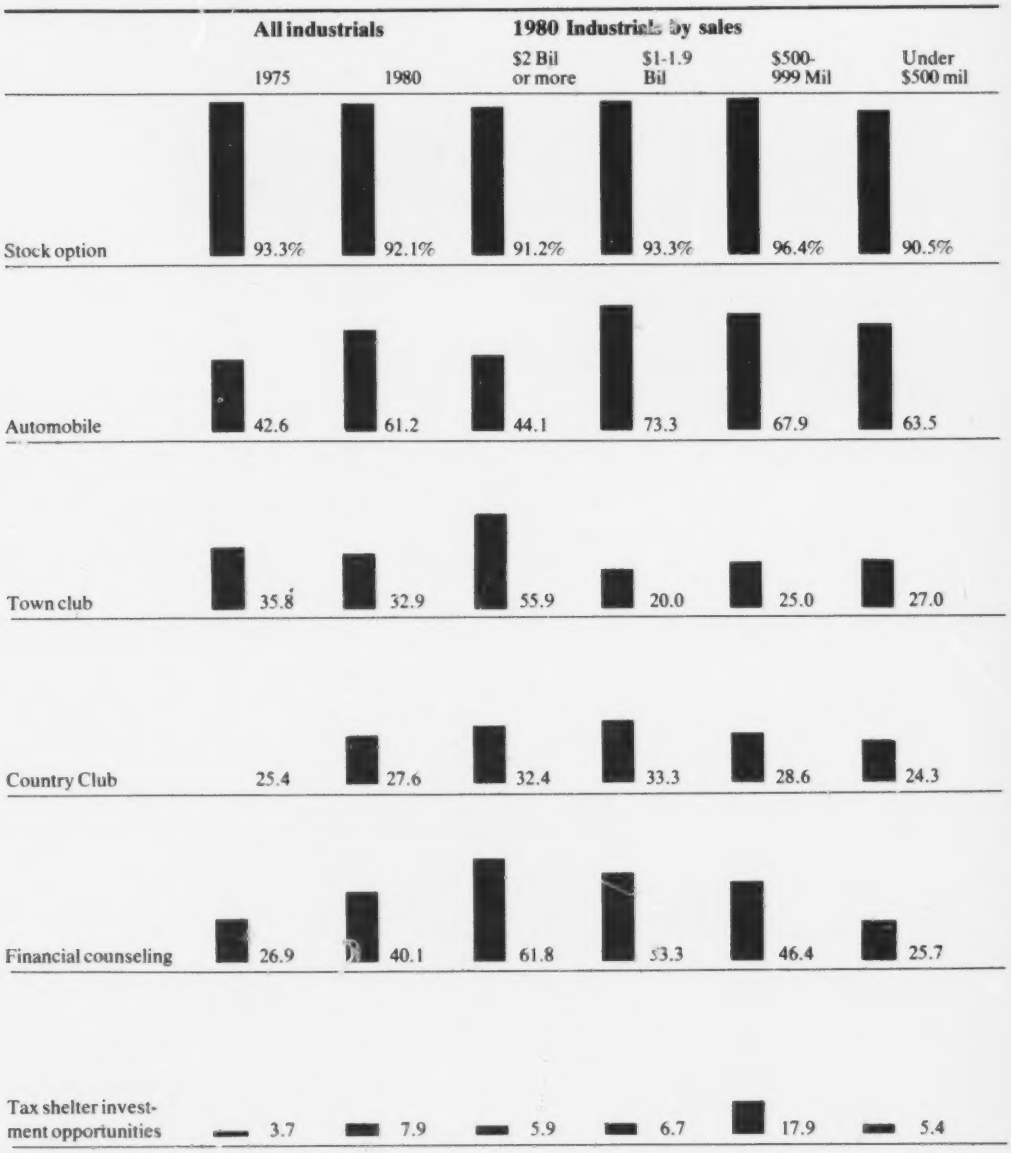
Cash compensation

The typical chief international officer makes at least $100,000 in base salary and bonus, with the amount increasing along with company size. About the same proportion make less than $75,000 (21 percent) and at least $150,000 (23.6 percent). Just five years ago, the CIO averaged $75,720 in cash compensation. The typical senior echelon executive studied by Heidrick and Struggles in 1980 enjoys cash compensation of $134,500.

	All industrials		1980 Industrials by sales			
	1975	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 mil
Under $50,000	11.6%	5.7%	—	—	6.9%	9.1%
$50-$74,999	—	15.3	5.9%	12.5%	6.9	23.4
$75-$99,999	56.3	20.4	8.8	12.5	17.2	28.5
$100,000-$124,999	—	20.4	5.9	43.7	27.6	18.2
$125,000-$149,999	32.1	14.6	17.6	12.5	10.4	15.6
$150,000 or more	—	23.6	61.8	18.8	31.0	5.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Perquisites

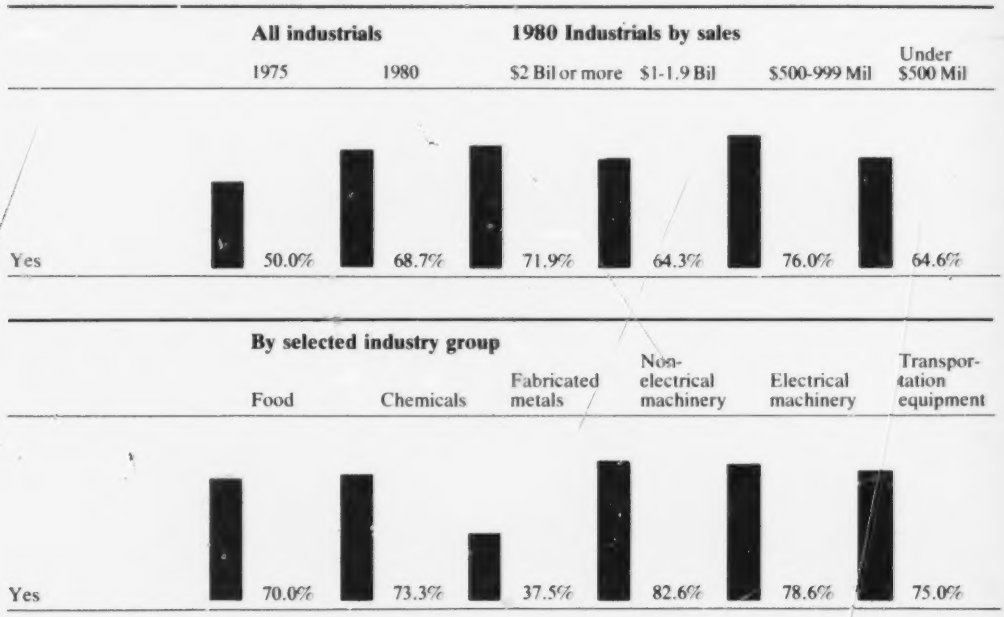
The majority of the CIOs receive a stock option and an automobile. Other popular perks, although held by a minority, include financial counseling and town and country club memberships. In the 1975 study, only options were held by more than half of the international heads.



Results do not add to 100% due to multiple responses

Work abroad

Nearly a third of the chief international officers have never worked abroad full-time. However, five years ago, only half of the chief international officers had worked full-time in foreign countries. The proportions of CIOs with service abroad do not vary significantly by size of company. Of those who have served overseas, the most frequent base has been the United Kingdom, followed by Belgium, Germany and Canada. The typical head of international business has spent 5.25 years abroad, and has been based in two countries.



Travel

The average head of international business spends more than a third of his time away from his headquarters, although nearly one in five is traveling more than half the time. This is about the same rate of travel reported by CIOs five years ago. The typical chief international officer today travels 114,500 miles annually, although like numbers clock under 50,000 miles (13.2 percent) and at least 200,000 miles (12.4 percent). The CIOs at $2 billion companies are the most peripatetic. The CIO today averages 10 trips per year overseas. However, nearly one in 10 of the international executives makes more than 15 trips. The number of trips is higher at larger organizations, which on average derive a higher proportion of volume from foreign business.

Time away from headquarters city	All industrials	1980 Industrials by sales			
	1980	$2 Bil or more	$1-1.9 Bil	$500-999 Mil	Under $500 Mil
Less than 25%	14.2%	8.8%	17.6%	12.5%	16.7%
25-49%	66.7	79.4	47.1	65.6	65.4
50-74%	16.6	11.8	35.3	15.6	15.4
75-100%	2.5	—	—	6.3	2.5
	100.0%	100.0%	100.0%	100.0%	100.0%
Average	35.65%	33.94%	39.18%	37.66%	34.76%

Chief international officers look at world business

Last five years

Size:

"Greater growth than U.S. domestic rate has made international a more important part of corporate decisions and direction" . . . Midwest company, under $500 million in sales.

"Sales rose from $30 million to over $100 million with corresponding profit increases" . . . Billion dollar Eastern firm.

"Production capacity increased outside USA through increased investment and increased efficiency" . . . Midwest company doing business in 100 nations.

"Solid vertical growth, exceptional horizontal growth" . . . Southern company in 57 countries.

"International sales volume has doubled every two years for the past eight years" . . . Eastern capital goods company.

"After several years of marginal profits or losses our foreign operations became profitable in spite of poor economies in some foreign markets" . . . Midwest company in 60 countries.

"From 30 to 50 percent of corporate revenues" . . . Western high technology company.

"It (international business) has become the most important element in our business. It represents the future of our company" . . . Midwest company doing business in 20 nations.

"Three-fold expansion in coverage of the world, 18 times expansion in international sales, 29 times expansion in operating profit" . . . $2 billion capital goods company.

"Annual compounded growth in excess of 30 percent per annum, with broadened geographic coverage" . . . Eastern company under $500 million in volume.

Management:

"Changed from ad hoc to systematic approach" . . . Midwest concern doing business in 18 countries.

"No U.S. nationals working overseas now—moved all of them to U.S. in last three years" . . . Western company doing business on all continents.

"More staff functions as divisions have grown and assumed greater responsibility for their own international operations" . . . $2 billion Eastern company.

"More aggressive marketing stance, relating to our overseas accounts in a more direct manner instead of relying on local agents" . . . Midwest company doing business in 36 nations.

"Made a major commitment to develop new business in Middle East via joint ventures and exports" . . . Midwest company operating in 25 countries.

"Concentrated on our basic business, returning the smaller businesses to our U.S. operations for integration on a worldwide basis for that product line. This has saved valuable management time and talent for the core businesses where major growth and long term profitability lie. Our planning has developed into a strategic concept, rather than a simple numbers game" . . . $2 billion medical products company.

"Traditional U.S. customers have moved offshore which has necessitated our expansion of foreign subsidiary manufacturing operations" . . . Midwest company, under $500 million.

"Have moved from strictly exporting to independent distributors to having 10 equity subsidiaries, one joint venture" . . . Southwest company, under $500 million.

"Developed initial 'international only' products to supplement U.S. derivatives" . . . Consumer durables manufacturer.

"From functional to functional/geographic organization. Reduced dependence on one product. Gained wider geographic spread. Improved return on investment and return on sales. Achieved significant annual compounded increase in earnings. Better short and long range strategic planning" . . . Food company.

Problems:

"The entities we deal with—both governmental and private—have become much more sophisticated. The American management style has been exported so that negotiations are tougher but on-going management and control are easier" . . . $2 billion company.

"Diminution of majority owned joint venture opportunities because of protectionism of foreign market countries" . . . $500 million company.

"Increasing vulnerability to political risk" . . . electronics company.

Chief international officers look at world business

Next five years

Size:

"Rate of growth will be less than previous five years. The reason? Investments will taper off because of political and social uncertainties in some regions of the world" . . . Eastern company doing business on all continents.

"Doubling of international sales and operating profit" . . . Capital goods company.

"International sales and profit should equal that of the domestic operation within the next five years" . . . $2 billion Eastern company.

Management:

"We will shift from passive to aggressive approach to development in Asia" . . . Eastern company under $500 million in volume.

"Evolving toward exports of technically advanced products from the U.S. and Europe and manufacture of lower technology products directly in the major markets with great emphasis on export of technology and know-how" . . . Midwest company doing business in 100 nations.

"With semi-mature products we will be increasingly directed into the developing world. We see little for us in Western Europe, for example, because of nationalism and intense competition" . . . Southwest company, under $500 million.

"Stronger control of foreign country distribution. Expanded manufacture of components for foreign applications" . . . Company doing business on every continent.

"More if not exclusive concentration on high-profit products within product lines. We will be asked to generate returns on investment similar to those generated by our domestic operations" . . . Consumer products company represented in 100 nations.

"Substantial reduction in expatriate management" . . . $2 billion Midwest company.

"We shall be shifting at least 50 percent of our product offshore. This includes Central America and the Far East" . . . $500 million company doing business on four continents.

"We will be involved with more joint ventures both here and overseas. This should lead to a broader product line as well as more international and domestic penetration" . . . Midwest company selling on all continents.

"We will focus on developed countries only, with very selected exceptions" . . . Western company, $500 million in sales.

"We see added emphasis on research to develop new products; maximization of our efforts to launch these new products as early as possible in the face of ever increasing regulation and government bureaucracy; and increased emphasis on marketing and development skills to derive the full fruits of these expensive research programs" . . . $2 billion company doing business in 110 nations.

"More products will be developed for international market, even if not usable in the U.S.". . . Capital goods company.

"Financing method will shift from externally provided to locally provided" . . . Eastern company, under $500 million in volume.

"Move to functional/geographic/brand matrix. Further diversification of products/services. Better management information systems. More sophisticated planning techniques. Relatively lower percentage of total earnings from Europe" . . . Western consumer products company.

"We believe we may expand overseas sales by manufacturing overseas rather than in the U.S. Also, high technology products made in the U.S. may provide growing sales in Europe" . . . Midwest company, under $500 million in sales.

"Will concentrate capital investments in the area encompassing Canada, Mexico, Central America and South America. Investment elsewhere will be liquid and in a form as close as allowed to that of a trading company" . . . Natural resources company.

"More caution re risk, resulting in greater concentration in developed countries and complete retreat from some third world countries" . . . $1 billion medical products company.

Problems:

"More nationalism and more protectionism" . . . $2 billion company doing business in 75 countries.

"Learning to cope with U.S. government and other (EEC, UN) regulation of business" . . . $1 billion Midwest company.

"Business will become highly competitive with resulting shake-out in our industry. Smaller producers or less efficient manufacturers, who do not have competent marketing organizations, will fall by the wayside. Political considerations will influence operations significantly" . . . Capital goods company.

Heidrick and Struggles, Inc.

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PROFILE OF A CHIEF FINANCIAL OFFICER

Findings of a study on financial matters and the chief financial officers of America's 1,000 largest industrial companies.

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ABOUT THIS STUDY

This is the fourth study of the chief financial officer undertaken by Heidrick and Struggles. As before, the officers charged with responsibility for the finance function were surveyed. In this instance, however, a number of new topics were treated.

Chief financial officers of America's 1,000 largest industrials were invited to participate in the 1981 study. Replies to a single mailing were received from 338 companies. Where appropriate, findings are compared with those from an earlier financial study, or with other original research conducted by Heidrick and Struggles.

The cooperation of those who made these findings possible is deeply appreciated. Without the help of busy executives who devoted their time and attention to our questions, Heidrick and Struggles could not make available this useful information to the business community.

ABOUT HEIDRICK AND STRUGGLES

For more than a quarter century, Heidrick and Struggles has devoted its full resources to helping client organizations in all major industries to locate, evaluate, and attract the highest caliber executive talent. Men and women sought in behalf of client organizations range from candidates for the board of directors and chief executive's post to middle management positions.

As one of the oldest and largest firms devoted exclusively to executive search, Heidrick and Struggles provides access to leading executive markets around the world through ten domestic and six international offices. The firm's search consultants are supported by the search industry's most comprehensive research and planning operations, the product of more than 25 years of meeting clients' needs for superior performers.

As its contribution to the body of knowledge available to senior management, Heidrick and Struggles periodically publishes profiles of incumbents in key management posts. Corporate board practices are analyzed regularly, along with the backgrounds and viewpoints of newly elected directors. A list of recent publications appears on the inside back cover of this study.

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SUMMARY OF FINDINGS ON FINANCIAL MATTERS

Corporate philosophy:
Invest/grow

Inflation rate:
Expected to be lower at year-end, lower still by 1985

Dow Jones Industrial Average:
Expected to be higher by year-end, higher still by 1985

Unemployment rate:
Expected to be higher by year-end, lower by 1985

View of Federal assistance to troubled corporations:
Majority say "Never"

Support for concessions to corporate customers:
Majority say "Sometimes"

Corporate-wide productivity programs:
Majority have; modernization of plant and equipment ranks as most frequent component

Sentiment regarding FASB #33:
47 percent favor; 40 percent oppose

Sentiment regarding Foreign Corrupt Practices Act:
Only one in four views this as most significant corporate legislation since SEC Act of 1934; 21 percent believe legislation has had no adverse impact

Most important Federal action to improve company performance:
Reducing business taxes

Use of foreign bank:
Most companies have done so, citing lower cost of money as principal reason

Staff economist:
Majority of companies do not have, except in premier-size class

SUMMARY OF FINDINGS ON THE CHIEF FINANCIAL OFFICER

Title:
Vice president-finance

Status:
An officer but not a director, reporting to the chief executive officer

Age:
49

Region of birth:
Midwest or East

Education:
Advanced degree

Number of employers during career:
3.2

Cash compensation (salary and bonus):
$146,284

Perquisites:
Stock option, extra life insurance, automobile, club membership(s)

Marital status:
Married to first spouse

ORGANIZATIONAL PHILOSOPHY

The overwhelming majority of chief financial officers describe their organization's philosophy as invest/grow. Relatively few claim an earn/protect posture, and an even smaller number report a divest/harvest mode. The invest/grow philosophy is strongest in the Southwest and West, which have enjoyed stronger economies than other regions of the country.

	All Companies	$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Invest/Grow	78.8%	85.5%	90.4%	84.9%	70.3%
Earn/Protect	14.8	8.1	9.6	11.3	20.3
Divest/Harvest	2.4	—	—	1.9	4.4
Other	4.0	6.4	—	1.9	5.0
	100.0%	100.0%	100.0%	100.0%	100.0%

INFLATION RATE AT 1981 YEAR-END

The overwhelming majority (87 percent) of the participants believe that 1981's average inflation rate will be lower than last year's 13.5 percent. Of those who anticipate a slowdown of inflation, the largest number credit the new administration. Other reasons cited by respondents, in order of frequency, are the economic slowdown, Federal Reserve actions, lower oil imports, lower interest rates, and commodity price weakness. Very few mention improved productivity.

The expectation of lowered inflation is most prevalent in the Midwest, followed by the East.

More than one chief financial officer in ten believes the inflation rate will remain unchanged at the end of 1981. The majority of those subscribing to this view feel that this year's inflation rate is already determined.

Virtually none of the participants opine that inflation will become more severe this year.

By 1985 year-end, 93 percent of the CFOs expect the average inflation rate to be even lower; again, most CFOs credit the new administration. Second rank goes to an improved economy. Increased productivity is third in frequency of mention. Only 3 percent believe the inflation rate will be higher; 3.6 percent think the average rate will remain the same.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Same	11.6%	11.9%	9.4%	5.7%	14.2%
Lower	86.9	86.6	88.7	92.5	84.6
Reagan Administration	36.9%	31.8%	37.9%	38.4%	38.1%
Economic Slowdown	22.2	26.5	20.2	31.5	18.0
Federal Reserve Credit Restraint	10.5	12.5	17.7	6.8	9.1
Lower Oil Imports	5.7	8.8	5.1	—	6.3
Lower Interest Rates	3.5	1.7	2.6	—	5.5
Commodity Price Weakness	1.0	1.7	2.6	2.2	—
Improved Productivity	0.7	—	—	2.2	0.7
Other	6.4	3.6	2.6	11.4	6.9
Undecided	1.5	1.5	1.9	1.8	1.2
	100.0%	100.0%	100.0%	100.0%	100.0%

PREDICTION FOR THE DOW JONES INDUSTRIAL AVERAGE

On February 28, 1981, the Dow Jones Industrial Average stood at 974.58. By year-end 1981, survey respondents expect the DJIA to advance beyond the 1000 barrier to 1062. More than nine out of ten anticipate that the DJIA will stand at 1000 or more at December 31, although virtually none believe the average will exceed 1200.

Chief financial officers anticipate greater buoyancy in stock prices longer-term. The average Dow Jones Industrial Average forecast for December 31, 1985 is 1423. Nearly one in five of the respondents feels the average will exceed 1500 on that date.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
1981 Year-end Average	1062	1067	1052	1065	1061
1985 Year-end Average	1423	1438	1429	1414	1419

PREDICTION FOR UNEMPLOYMENT RATE

On average, survey participants believe that the unemployment rate will be higher by year-end than in February, 1981, when it stood at 7.3 percent. The typical prognostication stands at 7.4, although 33 percent of the chief financial officers believe the rate will climb to 8 percent or more.

Over the longer term, chief financial officers expect the unemployment rate to drop to 6.2, more than a full percentage point below the level recorded at the end of February, 1981.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
1981 Year-end Rate (Average)	7.4%	7.5%	7.2%	7.5%	7.4%
1985 Year-end Rate (Average)	6.2%	6.1%	5.9%	6.3%	6.3%

VIEW OF FASB #33

Sentiment among chief financial officers is sharply split among supporters and opponents of Financial Accounting Standards Board's #33, which calls for altering conventional accounting to reflect changing prices. Forty-seven percent approve, but 40 percent are not in favor. Those who vote "aye" consider #33 to be "a start, at least" or a plus in calling attention to the problem of inflation. The nay-sayers consider the rule "confusing," term the method "too negative," and hold that traditional accounting is still best.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Approve	46.8%	52.3%	52.8%	42.3%	44.0%
Disapprove	39.8	38.5	32.1	48.1	40.3
Undecided	13.4	9.2	15.1	9.6	15.7
	100.0%	100.0%	100.0%	100.0%	100.0%

PRODUCTIVITY IMPROVEMENT PROGRAMS

A bare majority of organizations included in survey results currently have a corporate-wide productivity improvement program. The frequency of such programs is higher in the East, Midwest, and South. As previously noted, emphasis in these regions is more likely to be cost control (earn/protect, divest/harvest) rather than expansionary (invest/grow). Productivity improvement on a company-wide basis is most often found in the largest organizations and least frequently in the smallest firms.

The typical corporate-wide productivity improvement program has been in place for 3.6 years; however, more than a third of the chief financial officers say the program began within the past year.

	All Companies	$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Yes	**51.1%**	65.7%	51.9%	54.7%	43.4%
No	**48.9**	34.3	48.1	45.3	56.6
	100.0%	100.0%	100.0%	100.0%	100.0%
Average Age of Program in Years	**3.6**	3.4	3.6	2.8	4.0

MOST IMPORTANT COMPONENT OF PRODUCTIVITY IMPROVEMENT PROGRAM

Modernization of plant and equipment ranks as the most frequently mentioned component of productivity improvement programs represented in the study. Other parts of the process, in order of popularity, are better utilization of production workers, better utilization of management employees, greater commitment to applied research and development, divestiture of plant and equipment, and greater commitment to pure research and development.

	All Companies	$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Modernization of Plant and Equipment	**88.3%**	89.8%	91.3%	84.4%	87.9%
Better Utilization of Production Workers	**82.1**	83.1	80.4	75.6	84.3
Better Utilization of Management Employees	**66.9**	78.0	54.3	64.4	67.1
Greater Commitment to Applied Research and Development	**57.2**	76.3	60.9	42.2	52.9
Divestiture of Plant and Equipment	**55.2**	69.5	52.2	48.9	52.1
Greater Commitment to Pure Research and Development	**31.7**	47.5	19.6	28.9	30.0
Other	**7.9**	3.4	8.7	15.6	7.1

Results do not add to 100 percent due to multiple responses

ALLOCATION OF GREATER RESOURCES TO PRODUCTIVITY

Eight out of ten chief financial officers report their organization is allocating greater resources to productivity improvement today than was true five years ago. An increase in spending is reported most often by the largest organizations.

	All Companies	$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Yes	**79.7%**	94.0%	78.8%	76.9%	74.8%
No	**15.8**	4.5	15.4	19.2	19.5
Don't know	**4.5**	1.5	5.8	3.9	5.7
	100.0%	100.0%	100.0%	100.0%	100.0%

VIEW OF FEDERAL ASSISTANCE TO TROUBLED CORPORATIONS

About six out of ten chief financial officers oppose ever extending Federal government assistance to financially troubled corporations, citing free enterprise as their reason. However, almost all of the remainder favor such action "sometimes," as when national security or another public interest consideration must be taken into account. Sentiment in support of selective Federal aid is stronger among billion dollar firms than among their smaller counterparts.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Sometimes	39.8%	44.8%	40.4%	39.6%	37.7%
Never	59.6	52.2	59.6	60.4	62.3
Undecided	0.6	3.0	—	—	—
	100.0%	100.0%	100.0%	100.0%	100.0%

SUPPORT FOR CONCESSIONS TO CORPORATE CUSTOMERS

Greater support exists among chief financial officers for sometimes making special concessions to corporate customers in financial distress. Eight out of ten participants consider such action as beneficial to the supplier company. Most of those opposing help proclaim that such concessions merely extend inefficiency.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Sometimes	79.5%	86.4%	86.2%	69.8%	77.7%
Never	15.1	9.1	11.8	15.1	18.6
Always	0.9	1.5	—	1.9	0.6
Undecided	4.5	3.0	2.0	13.2	3.1
	100.0%	100.0%	100.0%	100.0%	100.0%

FOREIGN BANKS AS A SOURCE FOR FUNDS

Nearly six in ten of the chief financial officers have used a foreign bank as a source of funds within the last five years. The overwhelming reason has been the lower cost of money.

Incidence of foreign bank utilization advances with size of company. Among regions, the Southwestern companies are most often customers of foreign banks.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Foreign Bank Not Used	**41.9%**	14.9%	26.9%	47.2%	56.2%
Used Foreign Bank	**58.1**	85.1	73.1	52.8	43.8
Lower Cost of Money	**67.9%**	63.2%	66.7%	70.4%	71.4%
For Foreign Operations	**14.2**	12.3	13.9	14.8	15.7
Better Service	**11.1**	12.3	11.1	3.7	12.9
Flexibility	**9.5**	12.3	16.7	–	7.1
Balanced Exposure	**5.3**	5.3	5.6	3.7	5.7
Hedge against Devaluation	**2.1**	–	2.8	7.4	1.4
More Aggressive	**1.1**	–	2.8	–	1.4
Other	**9.5**	15.8	–	14.8	7.1
	100.0%	100.0%	100.0%	100.0%	100.0%

Reasons for use do not add to 100 percent due to multiple responses.

FOREIGN CORRUPT PRACTICES ACT

Only one in four of the chief financial officers would term the Foreign Corrupt Practices Act of 1977 as the most significant corporate legislation since the SEC Act of 1934.

Of the Act's three parts, the first—antibribery provisions—is viewed as the most harmful to U.S. corporations by the largest proportion of respondents. Principal objection: provisions are unrealistic for international trade. Second rank is held by Part II—internal accounting controls—which is deemed too costly in relation to results obtained. High cost is also the main objection in Part III—record keeping—although this portion seems to the CFOs to be least inimical.

Twenty-one percent of the respondents believe that none of the Act's parts has an adverse impact on American companies.

Foreign Corrupt Practices Act "Most Significant"	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Yes	**25.0%**	21.5%	27.5%	21.2%	26.9%
No	**57.9**	64.6	52.9	55.8	57.5
Undecided	**17.1**	13.9	19.6	23.0	15.6
	100.0%	100.0%	100.0%	100.0%	100.0%

Portion of Act with Most Adverse Impact	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Part I	**40.3%**	47.5%	40.9%	40.4%	37.2%
Part II	**26.1**	22.0	22.7	31.9	26.9
Part III	**12.5**	11.9	9.1	6.4	15.9
None Has Adverse Impact	**21.1**	18.6	27.3	21.3	20.0
	100.0%	100.0%	100.0%	100.0%	100.0%

MOST IMPORTANT FEDERAL ACTIONS

Reducing business taxes is regarded by the largest proportion of chief financial officers as that near-term Federal government action most important in improving their company's performance. Other popular choices, in order, are reducing regulatory agency activity, reducing government spending, accelerating depreciation, and stabilizing the Federal monetary system.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Reduce Business Taxes	**59.2%**	69.7%	53.8%	39.6%	63.0%
Reduce Regulatory Agency Activity	**58.6**	68.2	55.8	67.9	52.5
Reduce Government Spending	**55.6**	56.1	65.4	56.6	51.9
Accelerate Depreciation	**45.3**	50.0	46.2	41.5	44.4
Stabilize Federal Monetary System	**44.1**	43.9	50.0	47.2	41.4
Reduce Individual Taxes	**21.6**	19.7	28.8	11.3	23.5
Other	**8.1**	10.5	3.8	7.6	8.7

Results do not add to 100 percent due to multiple responses

CORPORATE ECONOMIST

Twenty-three percent of the chief financial officers report that their companies have an economist on staff; only 17 percent had one five years ago. The existence of such a specialist is impacted dramatically by company size. Fifty-seven percent of the largest companies claim an economist, while only 9 percent of the smallest organizations do. A greater proportion of Western and Southwestern firms have economists on board than is true elsewhere in the country.

	Company Sales				
	All Companies	$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Economist on Staff Currently	**23.0%**	56.7%	26.4%	20.8%	8.6%
Economist on Staff Five Years ago	**17.3**	44.8	22.6	7.6	7.4

CHIEF FINANCIAL OFFICER

Nearly half of the participants are chief financial officers at companies with sales of less than $500 million. Another 36 percent are officers of billion-dollar organizations.

The largest proportion of CFOs—nearly four of every ten—are based in the East. America's Heartland is represented by almost as many. Together the South, Southwest, and West are home to fewer than one out of four chief financial officers.

CFOs By Company Size	
$2 Billion and more	20.0%
$1-1.9 Billion	15.8
$500-999 Million	15.8
Under $500 Million	48.4
	100.0%

CFOs By Company Location	All Companies	Company Sales $2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
East	**38.2%**	46.3%	37.7%	37.7%	35.1%
Midwest	**37.9**	35.8	35.9	41.5	38.3
South	**8.1**	3.0	5.7	7.6	11.1
Southwest	**5.1**	1.5	9.4	3.8	5.6
West	**10.7**	13.4	11.3	9.4	9.9
	100.0%	100.0%	100.0%	100.0%	100.0%

TITLE

Nearly 40 percent of chief financial officers are executive or senior vice presidents today; in 1975 only 35 percent were. The number increases to 50.8 percent in the premier-size organizations. Vice president-finance remains the most frequently held title, as was true six years ago.

	All CFOs	CFOs by Company Sales $2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Executive Vice President	**14.1%**	25.4%	7.5%	9.4%	13.0%
Senior Vice President	**25.4**	25.4	28.3	34.0	21.7
Vice President-Finance	**36.8**	31.3	35.8	35.8	39.8
Vice President and Treasurer	**10.8**	6.0	13.2	3.8	14.4
Vice President and Controller	**3.3**	1.5	5.7	9.4	1.2
Other	**9.6**	10.4	9.5	7.6	9.9
	100.0%	100.0%	100.0%	100.0%	100.0%

REPORTING RELATIONSHIP

Eighty-four percent of the chief financial officers report to the CEO, with the likelihood increasing as size of organization declines. In the premier-size companies, with their proliferation of titles at the top, the CFO is most often a direct report of the chairman/CEO; in the $1-1.9 billion companies, the chief financial officer with greatest frequency reports to a chairman/president/CEO. Almost one in ten of the CFOs at the largest companies has an executive vice president as his superior.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Chairman/President/CEO	**30.4%**	28.4%	35.8%	28.3%	30.2 %
President/CEO	**28.3**	8.9	18.9	28.3	39.5
Chairman/CEO	**25.4**	43.3	26.4	28.3	16.7
President (Not CEO)	**8.1**	6.0	9.4	3.8	9.9
Executive Vice President	**4.8**	8.9	3.8	7.5	2.5
Vice Chairman	**1.5**	4.5	3.8	–	–
Chairman (Not CEO)	**0.3**	–	–	1.9	–
Other	**1.2**	–	1.9	1.9	1.2
	100.0%	100.0%	100.0%	100.0%	100.0%

AGE

The mean age of chief financial officers continues downward. This year's participants average 49; in 1975 they were 50, down from 51 in 1970. One out of nine CFOs is under 40; in the South one out of five is. Respondents from the premier-size organizations average 51 years of age. The youngest group, at 47.8, is found in the smallest companies.

	All CFOs 1981	All CFOs 1975	1981 CFOs by Company Sales			
			$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Under 40	**11.4%**	7.9%	3.0%	7.5%	5.7%	18.2%
40-49	**41.7**	37.8	43.3	32.2	45.3	42.8
50-59	**37.3**	45.5	38.8	50.9	35.8	32.7
60 and over	**9.6**	8.8	14.9	9.4	13.2	6.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average	**49.2**	50.2	51.1	50.5	50.0	47.8

HIGHEST EDUCATIONAL ATTAINMENT

Fifty-six percent of the CFOs have advanced degrees. Only 2.7 percent are not degreed, down from 4.9 percent six years ago. The MBA and JD(LLB) are most prevalent among participants with the largest companies, where a majority hold one of these designations. The most popular alma mater of CFOs is Harvard, where one in eight received a degree. Other schools most often attended are, in order, University of Michigan, University of Pennsylvania, Columbia University, and the University of California.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
No Degree	2.7%	—	3.8%	3.8%	3.1%
Bachelor's Degree	41.2	37.3%	37.7	37.7	45.1
MBA	37.9	43.3	39.6	39.6	34.6
JD(LLB)	7.8	11.9	3.8	7.6	7.4
Other Master's or Professional Degrees	9.2	4.5	15.1	11.3	8.6
PhD	1.2	3.0	—	—	1.2
	100.0%	100.0%	100.0%	100.0%	100.0%

CASH COMPENSATION (SALARY AND BONUS)

More than half of the chief financial officers of the premier-size companies enjoy annual cash compensation of $225,000 or more. The same proportion (53 percent) of participants in all regions of the country earn $125,000 or more, with three of every ten enjoying at least $175,000.

The average cash compensation for all CFOs is $146,284, an increase of 54 percent from the 1975 mean of $95,100. Senior-echelon executives in all functional areas studied by Heidrick and Struggles in 1980 received an average of $134,500.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Under $75,000	9.3%	—	1.9%	5.7%	16.9%
$75,000-124,999	37.6	3.0%	28.3	35.8	55.6
$125,000-174,999	23.5	12.2	32.1	41.5	19.4
$175,000-224,999	15.1	31.8	20.7	11.3	7.5
$225,000 or more	14.5	53.0	17.0	5.7	0.6
	100.0%	100.0%	100.0%	100.0%	100.0%

PERQUISITES

As was true in 1975, stock options represent the most popular perquisite for CFOs, being available to four out of five. Extra life insurance and an automobile are provided to more than two-thirds of the chief financial officers. More than half enjoy club memberships, and roughly a third receive financial counseling and deferred compensation.

Nearly one in four CFOs receives performance shares, while about one in eight has a management contract.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Stock Options	**80.5%**	86.6%	86.5%	82.7%	75.3%
Extra Life Insurance	**67.2**	71.6	73.1	55.8	67.1
Automobile	**66.3**	47.8	59.6	75.0	73.4
Club Membership(s)	**52.9**	58.2	65.4	44.2	49.4
Deferred Compensation	**34.3**	46.3	38.5	32.7	28.5
Financial Counseling	**33.7**	56.7	28.8	32.7	25.9
Stock Purchase Plan	**31.3**	43.3	32.7	32.7	25.3
Performance Shares	**24.6**	38.8	26.9	25.0	17.7
Management Contract	**12.2**	7.5	13.5	19.2	11.4
Low-cost Loans	**4.0**	6.0	1.9	3.8	3.8
Tax-shelter Investment Opportunities	**1.8**	1.5	–	7.7	0.6

Results do not add to 100 percent due to multiple responses

MOST DEMANDING AREA

Not surprisingly, financial planning continues to dominate the attention of chief financial officers, as in the 1975 study. Second rank again goes to administration of the financial department. Analysis of mergers and acquisitions, and acquisition of funds rank third and fourth by frequency of mention. The area of analysis of mergers and acquisitions is most frequently the prime area for attention in the smallest size companies.

	All CFOs 1981	All CFOs 1975	1981 CFOs by Company Sales			
			$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Financial Planning	**48.9%**	46.7%	55.3%	56.7%	40.0%	46.1%
Administration of Financial Department	**25.8**	16.1	23.7	23.3	36.0	24.7
Analysis of Mergers and Acquisitions	**5.5**	3.1	2.6	–	4.0	9.0
Acquisition of Funds	**3.9**	8.3	2.6	6.7	–	4.5
Accounting	**2.2**	2.7	–	3.3	4.0	2.2
Cost Control Management	**1.7**	2.1	–	3.3	–	2.2
Money Management	**1.7**	5.1	–	–	–	3.4
Investor Relations	**0.5**	6.2	–	–	4.0	–
Resisting Takeover	**0.5**	NA	–	–	–	1.1
Tax Administration	**0.5**	NA	2.6	–	–	–
Other	**8.8**	9.7	13.2	6.7	12.0	6.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

HOURS DEVOTED TO BUSINESS WEEKLY

Chief financial officers at companies of every size class typically spend between 50 and 59 hours weekly at work. However, there are more CFOs devoting 70 or more hours to their duties in behalf of multibillion dollar firms than elsewhere.

CFOs do not stick to their last in the same fashion as chief executives. A recent study of CEOs shows that 35 percent of those in command spend 60-69 hours on the job, and nearly one in ten is at work at least 70 hours a week.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Less than 50 hours	9.0%	1.5%	5.8%	17.0%	10.6%
50-59 hours	66.2	68.2	63.4	66.0	66.2
60-69 hours	22.7	24.2	30.8	15.1	21.9
70 hours or more	2.1	6.1	—	1.9	1.3
	100.0%	100.0%	100.0%	100.0%	100.0%

MARITAL STATUS

The overwhelming majority—85.4 percent—of chief financial officers are married to their first spouse. This proportion exceeds that evidenced in a 1980 study of senior-echelon executives in all functions, in which 83.3 percent remained wed for the first time. One in eight of the CFOs has been married for the second time.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Married to first spouse	85.4%	86.2%	86.5%	82.7%	85.6%
Divorced or widowed and remarried	12.5	12.3	11.6	13.5	12.5
Single	2.1	1.5	1.9	3.8	1.9
	100.0%	100.0%	100.0%	100.0%	100.0%

RELIGION

The representation of Protestants in the chief financial officer post exceeds all other religious beliefs combined. A 1980 study of upper-echelon executives in all functional areas revealed that 62 percent were Protestants, compared with about 55 percent of the country's population as a whole.

	All CFOs	CFOs by Company Sales			
		$2 bil or more	$1-1.9 bil	$500-999mm	Under $500mm
Protestant	58.5%	63.5%	62.7%	67.4%	52.2%
Roman Catholic	29.5	27.0	25.5	25.0	33.3
Jewish	6.2	3.2	5.9	3.8	8.2
Other or no religion	5.8	6.3	5.9	3.8	6.3
	100.0%	100.0%	100.0%	100.0%	100.0%